



International Stock Picker

Zürich-London-Toronto-Frankfurt-Wien

Ausgabe 24. November 2009

Emission & Power Solutions PLC

Technology of the Future for the Protection of the Climate!

Have you ever heard of “CleanTech”? CleanTech is an emerging industry dedicated to research, development and production of environmentally friendly, emissions-reducing processes and products.

Savvy investors may benefit from large growth potentials and high potential returns. And on top of that, they help the environment. It's not that easy to filter out the most exciting stocks from the multitude of CleanTech companies, but that's what we're here for! We spent many days of hard labor analyzing companies and finally found one with an exceptional market potential: Emission & Power Solutions PLC (WKN: A0YA0Z)!

During the past six years, this British company has developed, licensed and acquired revolutionary technologies for improving fuel consumption that at the same time reduce environmentally harmful emissions using cutting-edge devices.

EPS' patented FX Reactor improves the fuel economy of diesel engines by at least 3-5 percent while at the same time increasing performance and horsepower of the engine. The results are a reduction of environmentally harmful emissions and an increased lifespan of the engine. Up to now, more than 4,500 units have been sold. The test customers, whose vehicles were driven several 100,000 kilometers with the FX Reactor, are full of praise. Due to the low cost of the FX Reactor (approximately 495 dollars plus installation), many major automobile manufacturers have already expressed strong interest.

The brain behind Emission & Power Solutions is the US inventor, Professor Eric D. Wachsman. He was also one of the developers of the oxygen sensor currently deployed by all (!) major automobile manufacturers to monitor the fuel combustion of engines. Dr. Wachsman soon realized that the current sensor is too expensive and provides only limited potential regarding the reduction of

exhaust emissions. He therefore developed a revolutionary new sensor, which could have a similarly dramatic impact on the automobile industry as the catalytic converter in the 20th century!

The semiconductor sensor technology – its market launch imminent – selectively measures combustion gases (carbon and nitrogen oxides). Smaller than 1 square centimeter, these sensors are very sensitive to those gases and can easily be combined into one single multifunctional chip. To improve the combustion, this revolutionary sensor can be integrated into gasoline and diesel engines and is already now in compliance with the announced new EPA regulations.

For the current sensor, major automobile manufacturers pay 20-45 dollars per unit. EPS has the ability to produce significantly improved sensors for 1.16 dollar per unit! We reckon that EPS can easily sell their sensors at a unit price of 5 dollars. The company's ideal approach would be the licensing of its sensor technology to OEMs. To give you an idea of the market potential: Currently, 500 million sensors are sold annually. If EPS would manage to secure for itself only a 10% slice of this cake, we'd be talking 250 million dollars in annual sales with a very high profit margin!

CONCLUSION: Emission & Power Solutions' current market capitalization is about 26 million Euros. So far, they spent a total of 10 million dollars on the development of their innovative products. Currently, two major Swiss institutions show great interest in EPS and plan to invest an additional 4 million Euros.

From December 7 through December 18, EPS will be presenting at the prestigious climate change conference COP15 in Copenhagen. The British Prime Minister Gordon Brown and the French President Nicolas Sarkozy are among the confirmed attendees. Already prior (!) to this conference, numerous attendees have expressed their interest in EPS products and requested a presentation.

For the next business year, a sales volume of 3.7 million dollars paired with a net income of 860,000 dollars is expected. Based on the market launch of the sensor technology, EPS management expects enormous growth rates and predicts a jump in sales from 10.2 million to 24.5 million dollars and an increase in income from 2.4 million to 7.5 million dollars for 2012. With something like 30 million outstanding shares, this would translate into USD0.25 earnings per share!

When it comes to NO_x and CO₂ emission control, EPS is perfectly positioned to become one of the Big Players within the next couple of years. There are no direct competitors for the new sensor technology, and EPS may have the opportunity to establish a monopoly in the coming years. If just a single major automobile manufacturer (such as General Motors or Ford) decides to go with one of the EPS products, the company's shares could explode.

We assume that the interest in EPS shares will increase significantly in the run-up to the COP15 and continue to increase thereafter. As some larger block trades in the recent past indicate, larger investors have already begun to position themselves for the expected run. Thus our advice: Open your first position with Emission & Power Solutions (WKN: A0YA0Z) at the Frankfurt Stock Exchange or Xetra a.s.a.p. For the time being, don't buy above EUR1.20. Our targeted share price within the next six months is EUR3.35. Secure your investment with a stop price at about 10 percent below your initial purchase price.

Key Indicators

Emission & Power Solutions PLC	
ISIN:	GB00B439T609
Share price: 11/23/09	EUR1.10
Purchase:	EUR1.10
Targeted share price:	EUR3.35
Price potential:	205%
Stop:	EUR1.00
Chance:	■ ■ ■ ■ ■
Risk:	■ ■ ■ ■ ■
Investment character:	Speculative